

WALKER TOWNSHIP
CHEBOYGAN COUNTY
FINANCIAL STATEMENTS
MARCH 31, 2004

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Walker Township	County Cheboygan
Audit Date 3/31/04	Opinion Date 9/2/04	Date Accountant Report Submitted to State: 12/15/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.

2. We are certified public accountants registered to practice in Michigan.

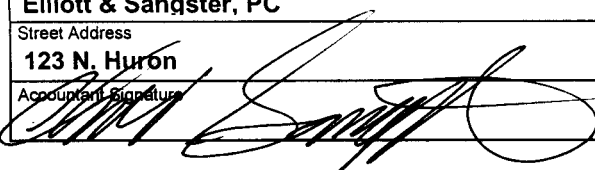
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Elliott & Sangster, PC			
Street Address 123 N. Huron	City Cheboygan	State MI	ZIP 49721
Accountant Signature 		Date 12/15/04	

WALKER TOWNSHIP

Table of Contents

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
GENERAL PURPOSE FINANCIAL STATEMENTS:	
Combined Balance Sheet – All Fund Types and Account Group	2
Combined Statement of Revenues, Expenditures and Changes in Fund Balances – General and Special Revenue Fund Types	3
Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General and Special Revenue Funds	4
Statement of Revenues, Expenditures and Changes in Fund Balance - Pension Trust Fund	5
Notes to Financial Statements	6 – 10
INDIVIDUAL FUND FINANCIAL STATEMENTS:	
GENERAL FUND:	
Statement of Detailed Revenues	11
Statement of Detailed Expenditures	12 – 13
SPECIAL REVENUE FUND:	
Balance Sheet	14
Statement of Revenues, Expenditures and Changes in Fund Balances	15
Statement of Changes in Assets and Liabilities – Current Tax Collection Fund	16

Elliott & Sangster

CERTIFIED PUBLIC ACCOUNTANTS

PROFESSIONAL CORPORATION

123 N. HURON ST.

CHEBOYGAN, MI 49721

(231) 627-4725 • Fax (231) 627-7871

Christopher R. Sangster, MST, CPA
Gregory J. Elliott, CPA

MEMBER
MICHIGAN ASSOCIATION OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Township Board
Walker Township
Cheboygan County
Cheboygan, Michigan

We have audited the accompanying general purpose financial statements of **WALKER TOWNSHIP, CHEBOYGAN COUNTY**, as of and for the year ended March 31, 2004, as listed in the Table of Contents. These general purpose financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of **WALKER TOWNSHIP, CHEBOYGAN COUNTY**, as of March 31, 2004, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The individual fund financial statements listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of **WALKER TOWNSHIP, CHEBOYGAN COUNTY**. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.



September 2, 2004

GENERAL PURPOSE FINANCIAL STATEMENTS

WALKER TOWNSHIP
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUP
MARCH 31, 2004

ASSETS

	<u>Governmental Fund Types</u>			<u>Account Group</u>	<u>Totals</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Fiduciary Trust & Pension</u>	<u>General Fixed Assets</u>	<u>(Memorandum Only)</u>
ASSETS:					
Cash and Cash Equivalents	\$ 23,578	\$ 33,638	\$ 25,000	\$ -	\$ 82,216
Taxes Receivable	1,881	1,703	-	-	3,584
Annuity Contracts	-	-	31,302	-	31,302
Land and Improvements	-	-	-	1,000	1,000
Building and Improvements	-	-	-	6,510	6,510
Machinery and Equipment	-	-	-	4,037	4,037
TOTAL ASSETS	\$ 25,459	\$ 35,341	\$ 56,302	\$ 11,547	\$ 128,649

LIABILITIES AND FUND EQUITY

LIABILITIES					
Funds Due to Outside Service	\$ -	\$ -	\$ 25,000	\$ -	\$ -
TOTAL LIABILITIES	-	-	25,000	-	25,000
FUND EQUITY:					
Investment in General Fixed Assets	-	-	-	11,547	11,547
Fund Balance:					
Reserved - Retirement Benefits	-	-	31,302	-	31,302
Unreserved Designated	1,253	35,341	-	-	36,594
Undesignated	24,206	-	-	-	24,206
TOTAL FUND EQUITY	25,459	35,341	31,302	11,547	103,649
TOTAL LIABILITIES AND FUND EQUITY	\$ 25,459	\$ 35,341	\$ 56,302	\$ 11,547	\$ 128,649

See Notes to Financial Statements.

WALKER TOWNSHIP
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL AND SPECIAL REVENUE FUND TYPES
YEAR ENDED MARCH 31, 2004

	<u>Governmental Fund Types</u>		<u>Totals</u> <u>(Memorandum</u> <u>Only)</u>
	<u>General</u>	<u>Special</u> <u>Revenue</u>	
REVENUES:			
Taxes	\$ 7,548	\$ 4,858	\$ 12,406
State Shared Revenue	32,817	-	32,817
Interest	195	318	513
Miscellaneous, Rentals and Refunds	3,119	-	3,119
TOTAL REVENUES	\$ 43,679	\$ 5,176	\$ 48,855
EXPENDITURES:			
Legislative	\$ 8,361	\$ -	\$ 8,361
General Government	18,106	-	18,106
Public Safety	4,800	-	4,800
Public Works	7,646	8,140	15,786
TOTAL EXPENDITURES	\$ 38,913	\$ 8,140	\$ 47,053
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	4,766	(2,964)	1,802
FUND BALANCES - BEGINNING OF YEAR	20,693	38,305	58,998
FUND BALANCES - END OF YEAR	\$ 25,459	\$ 35,341	\$ 60,800

See Notes to Financial Statements.

WALKER TOWNSHIP
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS
YEAR ENDED MARCH 31, 2004

	<u>General Fund</u>			<u>Special Revenue Funds</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES						
Taxes	\$ 6,650	\$ 7,548	\$ 898	\$ 5,450	\$ 4,858	\$ (592)
State Shared Revenue	34,273	32,817	(1,456)	-	-	-
Interest	260	195	(65)	-	318	318
Other	3,327	3,119	(208)	-	-	-
	<u>\$ 44,510</u>	<u>\$ 43,679</u>	<u>\$ (831)</u>	<u>\$ 5,450</u>	<u>\$ 5,176</u>	<u>\$ (274)</u>
TOTAL REVENUES						
EXPENDITURES						
Legislative	\$ 11,470	\$ 8,361	\$ 3,109	\$ -	\$ -	\$ -
General Government	19,958	18,106	1,852	-	-	-
Public Safety	4,843	4,800	43	-	-	-
Public Works	13,600	7,646	5,954	-	8,140	(8,140)
	<u>\$ 49,871</u>	<u>\$ 38,913</u>	<u>\$ 10,958</u>	<u>\$ -</u>	<u>\$ 8,140</u>	<u>\$ (8,140)</u>
TOTAL EXPENDITURES						
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (5,361)</u>	<u>\$ 4,766</u>	<u>\$ 10,127</u>	<u>\$ 5,450</u>	<u>\$ (2,964)</u>	<u>\$ (8,414)</u>
FUND BALANCES - BEGINNING OF YEAR		20,693			38,305	
FUND BALANCES - END OF YEAR		<u>\$ 25,459</u>			<u>\$ 35,341</u>	

See Notes to Financial Statements.

WALKER TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
PENSION TRUST FUND
YEAR ENDED MARCH 31, 2004

REVENUES	
Contributions	\$ 2,056
Investment Earnings	<u>4,995</u>
TOTAL REVENUES	<u>7,051</u>
EXPENSES	
Administrative Fees	<u>727</u>
NET INCOME	<u>6,324</u>
FUND BALANCE - BEGINNING OF YEAR	26,131
Distribution - Current Year	<u>(1,153)</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 31,302</u></u>

See Notes to Financial Statements.

**WALKER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004**

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. FINANCIAL REPORTING ENTITY:

The accounting policies of Walker Township (the "Township") conform to generally accepted accounting principles as applicable to governmental units, the criteria and guidelines of Governmental Accounting Standards Board (GASB) Statement No. 14. The financial statements of the Township include all funds, account groups, and authorities that are controlled by or dependent on the Township's executive or legislative branches (the Township Board). Control by or dependence on the Township was determined on the basis of budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the Township, obligations of the Township to finance any deficits that may occur, or receipt of significant subsidies from the Township. Based on the foregoing criteria, no other organizations have been included in the Township's financial statements.

2. BASIS OF PRESENTATION – FUND ACCOUNTING:

The accounts of the Township are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The financial statements of the Township are reflected in the following fund types, fund categories and account group.

A. GOVERNMENTAL FUNDS:

1. General Fund:

The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

B. FIDUCIARY FUND:

Trust and Agency Funds:

Trust and Agency Funds are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

C. GENERAL FIXED ASSET ACCOUNT GROUP:

This account group is used to account for the Township's fixed assets.

WALKER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS (continued)
MARCH 31, 2004

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. TOTAL COLUMNS ON COMBINED STATEMENTS:

Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data

3. BASIS OF ACCOUNTING:

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. All governmental and agency funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized when the related liability is incurred. Agency Fund assets and liabilities are accounted for on the modified accrual basis.

4. RECEIVABLES:

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

5. FIXED ASSETS:

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds.

6. VACATION, SICK LEAVE AND COMPENSATED ABSENCE:

The Township does not provide compensation for vacation hours or sick pay. With exception, to the pension plan described in Note G, the Township does not provide any other Deferred Compensation Plan or any other post-employment benefits.

7. BUDGETARY ACCOUNTING:

An operating budget is adopted each fiscal year for all governmental fund types at the activity level on the same modified accrual basis used to reflect actual revenues and expenditures. Reported budgeted amounts are as originally adopted or as amended by the Township Board. The Township does not utilize a formal encumbrance system.

8. RESERVES AND DESIGNATIONS:

Portions of fund equity are segregated for future use, and are, therefore, not available for future appropriation or expenditure. Amounts reserved for pension benefits are restricted for employee benefits. Designations of unreserved fund balances in governmental funds indicate Township management's tentative plans for use of financial resources in a future period.

WALKER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS (continued)
MARCH 31, 2004

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

9. RISK FINANCING:

The Township has transferred the risk of loss associated with general liability by purchasing insurance from commercial insurance carriers.

NOTE B: RECOGNITION OF PROPERTY TAX REVENUES

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the County delinquent rolls. The delinquent real property taxes of the Township are purchased by Cheboygan County. The County intends to sell tax notes, the proceeds of which will be used to pay the Township for these property taxes. It is anticipated this will take place in June, 2004. These taxes have been recorded as revenue for the current year. In accordance with the National Council of Governmental Accounting (NCGA) Statement No. 3, property taxes are recognized in the period they become both measurable and available to finance expenditures. The Township SEV value at December 12, 2003, which taxes were assessed was \$ 11,675,900. The Townships taxable value was \$ 5,968,469. The Township's millage rate was .9875.

NOTE C: PROPERTY AND EQUIPMENT – GENERAL FIXED ASSETS:

The components of the General Fixed Assets Group of Accounts are summarized as follows:

	Balance <u>4/01/03</u>	<u>Additions</u>	Balance <u>3/31/04</u>
Land and Improvements	\$ 1,000	\$	\$ 1,000
Buildings & Improvements	6,510		6,510
Office Equipment & Furniture	<u>3,242</u>	<u>795</u>	<u>4,037</u>
	<u>\$10,752</u>	<u>\$ 795</u>	<u>\$11,547</u>
Investment in General Fixed Assets	<u>\$10,752</u>	<u>\$ 795</u>	<u>\$11,547</u>

NOTE D: CASH AND CASH EQUIVALENTS

A summary of the caption cash and cash equivalents (at cost) on the combined balance sheet consists of the following depository accounts by type:

Cash in Demand Accounts	\$ 32
Cash in Savings	
Investments	<u>82,184</u>
	<u>\$ 82,216</u>

WALKER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS (continued)
MARCH 31, 2004

NOTE D: CASH AND CASH EQUIVALENTS (continued)

Deposits of the Township are at banks in the name of the Township. Act 217, P.A. 1982, authorizes the units of local government to deposit in the accounts of federally insured banks, insured credit unions and savings and loan associations.

Investments are stated at cost. Michigan law authorizes the Township to deposit and invest in:

- a. Bonds and other direct obligations of the United States or its agencies.
- b. Certificates of deposit, savings accounts, deposit accounts or depository receipts of federally insured banks, insured savings and loan associations or credit unions insured by the National Credit Union Administration that are eligible to be depository of surplus money belonging to the State under Section 5 or 6 of Act 105, P.A. 1855, as amended (MCL 21.145 and 21.146).
- c. Commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services. Maturity cannot be more than 270 days after purchase and more than 50 percent of any fund may be invested in commercial paper any time.
- d. United States government or Federal agency obligation repurchase agreements.
- e. Banker's acceptance of United States banks.
- f. Mutual funds composed of investments which are legal for direct investments by local units of government in Michigan.

The Township's deposits are in accordance with statutory authority.

WALKER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS (continued)
MARCH 31, 2004

NOTE D: CASH AND CASH EQUIVALENTS (continued)

Michigan law (Section 3, Act 40, P.A. 1932, as amended) prohibits security in the form of collateral, surety bond, or another form for the deposit of public money.

<u>Uncategorized by Risk</u>	<u>Carrying Amount</u>	<u>Market Value</u>	<u>Fund</u>
Annuity contract held by insurance company	\$ 31,302	\$ 31,302	Pension Trust

NOTE E: BUDGET COMPLIANCE

P.A. 621 of 1978, Section 18 (1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Township's actual expenditures and budgeted expenditures of the budgetary funds have been shown on a functional basis. The approved budgets of the Township for these budgetary funds were adopted on an activity level and on the accrual basis of accounting.

During the year ended March 31, 2004, the Township incurred expenditures in certain budgetary funds, which were in excess of the amounts appropriated at the activity level, as follows:

	<u>Total Appropriations</u>	<u>Amount of Expenditures</u>	<u>Budget Variance</u>
BUILDING FUND			
Building	\$ 0	\$ 8,140	\$ (8,140)

NOTE F: PENSION PLAN

The Township provides a defined contribution pension plan covering the Township officers. In a defined contribution plan benefits depend solely on amounts contributed to the plan plus investment earnings. Officers are 100% vested from the date of employment. The Township contributes 15% of the current year's salary. The Township's total payroll for fiscal year ending 2004 was \$20,646. The Township's contribution was based on salaries of \$14,284. Employer contributions were made during the fiscal year ending 2004 of \$2,056. No employee contributions were made to the plan. The Township participates in a defined contribution money purchase pension plan and trust. The Township is responsible for the Administration of the plan and is assisted by Manulife Financial. All Township employees and officers are eligible for the plan and are 100% vested at date of employment. The total market value of the fund at March 31, 2004 was \$31,302. There were \$1,153 in withdrawals from the plan during the fiscal year.

GENERAL FUND

WALKER TOWNSHIP
GENERAL FUND
STATEMENT OF DETAILED REVENUES
YEAR ENDED MARCH 31, 2004

REVENUES:

Taxes:

Current Property Tax	\$ 6,746	
Property Tax Administration Fees	<u>802</u>	7,548

State Shared Revenues:

Swamp Tax	11,955	
Sales Tax	<u>20,862</u>	32,817

Cemetery	-	
Dump Fees	3,115	

Interest	195	
----------	-----	--

Refunds	<u>4</u>	<u>3,314</u>
---------	----------	--------------

TOTAL REVENUES		<u><u>\$ 43,679</u></u>
----------------	--	-------------------------

See Notes to Financial Statements.

WALKER TOWNSHIP
GENERAL FUND
STATEMENT OF DETAILED EXPENDITURES
YEAR ENDED MARCH 31, 2004

EXPENDITURES:

LEGISLATIVE:

Township Board:

Wages	\$ 1,940
Transportation	45
Printing and Publishing	151
Memberships and Dues	320
Supplies	-
Insurance	3,054
Pension	2,056
Equipment	<u>795</u>

TOTAL LEGISLATIVE

8,361

GENERAL GOVERNMENT:

Executive:

Salary	6,334
Education	-
Supplies & Miscellaneous	32
Transportation	39
Data Processing	<u>380</u>

Total Executive

6,785

Clerk:

Salary	4,468
Office Supplies	235
Transportation	326
Education	<u>-</u>

Total Clerk

5,029

Board of Review:

Wages	<u>442</u>
-------	------------

Total Board of Review

442

Treasurer:

Salary	4,176
Office Supplies	313
Mileage	<u>15</u>

Total Treasurer

4,504

Election:

Salary	-
Mileage	-
Publishing	<u>-</u>

Total Election

-

See Notes to Financial Statements.

WALKER TOWNSHIP
GENERAL FUND
STATEMENT OF DETAILED EXPENDITURES
YEAR ENDED MARCH 31, 2004

GENERAL GOVERNMENT (CONTINUED)

Township Hall:		
Rent	390	
Repairs & Maintenance	-	
Utilities	<u>-</u>	
Total Township Hall		390

Cemetery:		
Salaries	790	
Maintenance	<u>166</u>	
Total Cemetery		<u>956</u>

TOTAL GENERAL GOVERNMENT		<u>18,106</u>
--------------------------	--	---------------

PUBLIC SAFETY:		
Fire Department		
Contracted Services	4,575	
Legal Fees	<u>225</u>	
TOTAL PUBLIC SAFETY		<u>4,800</u>

PUBLIC WORKS:		
Sanitation:		
Wages	2,496	
Contracted Services	4,772	
Printing & Miscellaneous	48	
Snowplowing	<u>330</u>	
Total Sanitation		<u>7,646</u>

Highways and Streets:		
Contracted Services	<u>-</u>	
Total Highways and Streets		-

TOTAL PUBLIC WORKS		<u>7,646</u>
--------------------	--	--------------

TOTAL EXPENDITURES		<u><u>\$ 38,913</u></u>
--------------------	--	-------------------------

See Notes to Financial Statements.

SPECIAL REVENUE FUNDS

WALKER TOWNSHIP
BUILDING FUND
BALANCE SHEET
MARCH 31, 2004

ASSETS

ASSETS

Cash	\$ 33,638
Taxes Receivable	1,703
	<u>\$ 35,341</u>

FUND BALANCES

FUND BALANCES

\$ 35,341

See Notes to Financial Statements.

WALKER TOWNSHIP
BUILDING FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED MARCH 31, 2004

REVENUES	
Taxes	\$ 4,858
Interest	318
	<u>5,176</u>
EXPENDITURES	<u>8,140</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(2,964)
FUND BALANCES - BEGINNING OF YEAR	<u>38,305</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 35,341</u></u>

See Notes to Financial Statements.

WALKER TOWNSHIP
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
CURRENT TAX COLLECTION FUND
YEAR ENDED MARCH 31, 2004

<u>ASSETS</u>				
	<u>Balance 3/31/03</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 3/31/04</u>
Cash	<u>\$ -</u>	<u>\$ 105,897</u>	<u>\$ 80,897</u>	<u>\$ 25,000</u>
<u>LIABILITIES</u>				
Due to Other Sources	\$ -	\$ 25,000	\$ -	\$ 25,000
Due to Other Funds	-	8,608	8,608	-
Due to County	-	22,208	22,208	-
Due to Senior	-	2,001	2,001	-
Due to School	-	48,080	48,080	-
Total Liabilities	<u>\$ -</u>	<u>\$ 105,897</u>	<u>\$ 80,897</u>	<u>\$ 25,000</u>

See Notes to Financial Statements.

Elliott & Sangster

CERTIFIED PUBLIC ACCOUNTANTS

PROFESSIONAL CORPORATION

123 N. HURON ST.

CHEBOYGAN, MI 49721

(231) 627-4725 ■ Fax (231) 627-7871

Christopher R. Sangster, MST, CPA
Gregory J. Elliott, CPA

MEMBER

MICHIGAN ASSOCIATION OF
CERTIFIED PUBLIC ACCOUNTANTS

September 2, 2004

Township Board
Walker Township
Cheboygan County
Cheboygan, MI 49721

Comments and Recommendations

In planning and performing our audit of the general purpose financial statements of the Township of Walker for the year ended March 31, 2004, we consider the Township's internal structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

Because of the nature in general of the control environment of small townships, we limit our study and evaluation of internal control to the preliminary review of the system to obtain an understanding of the control environment and the flow of transactions through the accounting system. Because we are not relying on the entity's internal accounting control procedures to restrict our substantive tests, the study and evaluation of the internal accounting controls did not extend beyond this preliminary review phase. Accordingly, we do not express an opinion on the system of internal accounting control taken as a whole. However, our examination disclosed no conditions that we believe to be a material weakness.

This report and accompanying recommendations are intended for the use of the Township and should not be used for any other purpose.

1. The Township's Special Funds had one item in excess of budgeted expenditures. We recommend expenditure line items be continually monitored throughout the year to assure compliance.
2. At the end of the fiscal year, the tax checking and savings account had a combined account balance over \$25,000. The majority of this amount is due to the previous treasurer and is shown as a liability on the trust fund balance sheet. The amount was not discovered until the end of the year. If monthly bank reconciliations were performed this error would have been detected in the month that it occurred. It is imperative the bank reconciliations are done on all checking and saving accounts every month. We recommend the Treasurer should also disburse amounts due prior to the year-end.

We would like to thank both Mrs. Grimes and Mrs. Shaloy for their assistance during the audit and for the fine job they did with the accounting of the Township records. If there are any questions regarding this comment or the audited statements, please feel free to contact us.

Sincerely,



Elliott & Sangster, PC